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Employment and unemployment: an international perspective

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The various social, economic and labour market restrictions to slow the spread of COVID-19, and government support packages to mitigate their impact, have had wide ranging effects on the labour market which can be observed through the range of existing labour market statistics. Similarly, the nature and timing of the implementation of restrictions, and efforts to progressively relax and lift them (or, at times, reimpose them), have differed across countries (and sometimes across states or regions).

Comparing Australian, US and Canadian labour market measures

In addition to their experiences with COVID-19 being different to Australia, there are some key differences in the approach used in the US and Canada to classify people who have been stood down and are not working for a short period, compared to Australia and other OECD countries. For further information on these differences, see [Employment and Unemployment: An International perspective \(/articles/employment-and-unemployment-international-perspective-april-2020\)](#).

Additional estimates are provided to support more effective comparisons with the US and Canadian estimates from April to July. The differences in the treatment of stood-down workers are usually not material to cross country comparisons, but at a time of major

shutdown in the economy, where large numbers of people have been stood down, they become important.

Table 1 shows that the unemployment rate in the US rose sharply between February and April (from 3.5% to 14.7%), before steadily decreasing to 8.4% in August. In Canada, the unemployment rate also rose sharply between February and April (from 5.6% to 13.0%), and increased again in May. It has since fallen, from 13.7% in May to 10.2% in August.

In contrast, the official unemployment rate in Australia increased in each month between March and July (to 7.5%), before decreasing to 6.8% in August. However, the additional comparison rates in this article have, like in the US, been decreasing since April. For example, if people working zero hours who indicated they had been 'stood down' (Group 1) were added to the unemployed estimate, the comparative rate in Australia would have increased from 5.1% in February to 9.5% in April, before falling to 7.3% in August. Similarly, if including 'Group 2', the comparative rate in Australia would have increased to 11.8% in April, before falling to 7.9% by August.

Changes in the official participation rates were more consistent over the period, although the US and Canada both reported their lowest estimate in April, compared to May for Australia.

Table 1: Comparison of US and Canadian labour market measures with Australian official and additional estimates

| | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Jul to Aug change | F |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------|---|
| Unemployed people | | | | | | | | | |
| Australia | 696,000 | 715,800 | 841,300 | 922,300 | 993,000 | 1,008,300 | 921,800 | -86,500 | |
| Australia (plus employed people in Group 1) | 696,900 | 724,500 | 1,253,500 | 1,061,100 | 1,069,100 | 1,051,800 | 987,500 | -64,300 | |
| Australia (plus employed people in Group 2) | 689,500 | 743,200 | 156,000 | 1,233,100 | 1,170,600 | 1,117,300 | 1,073,600 | -43,700 | |
| Canada (includes temporary layoffs) | 1,113,800 | 1,547,000 | 2,418,300 | 2,619,200 | 2,452,600 | 2,183,600 | 2,046,900 | -136,700 | |

| | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Jul to Aug change | F |
|---|-----------|-----------|------------|------------|------------|------------|------------|----------------------|---|
| United States (includes temporary layoffs) | 5,787,000 | 7,140,000 | 23,078,000 | 20,985,000 | 17,750,000 | 16,338,000 | 13,550,000 | -2,788,000 | |
| Unemployment rate | | | | | | | | | |
| Australia | 5.1% | 5.2% | 6.4% | 7.1% | 7.4% | 7.5% | 6.8% | -0.7 pts | |
| Australia (including employed people in Group 1) | 5.1% | 5.3% | 9.5% | 8.1% | 8.0% | 7.8% | 7.3% | -0.5 pts | |
| Australia (including employed people in Group 2) | 5.0% | 5.4% | 11.8% | 9.5% | 8.8% | 8.3% | 7.9% | -0.3 pts | |
| Canada | 5.6% | 7.8% | 13.0% | 13.7% | 12.3% | 10.9% | 10.2% | -0.7 pts | |
| United States | 3.5% | 4.4% | 14.7% | 13.3% | 11.1% | 10.2% | 8.4% | -1.8 pts | |
| Participation rate | | | | | | | | | |
| Australia | 65.9% | 65.9% | 63.6% | 62.7% | 64.1% | 64.7% | 64.8% | 0.1 pts | |
| Canada | 65.5% | 63.5% | 59.8% | 61.4% | 63.8% | 64.3% | 64.6% | 0.3 pts | |
| United States | 63.4% | 62.7% | 60.2% | 60.8% | 61.5% | 61.4% | 61.7% | 0.3 pts | |

Source: ABS 6202.0 Table 1 (Unemployed), ABS 6291.0.55.001 datacube EM2a (Group 2) and Unpublished data (Group 1); Statistics Canada; US Bureau of Labor Statistics.

'Group 1' refers to employed people working zero hours who indicated they were 'stood down'. 'Group 2' refers to employed people working zero hours who indicated they had 'no work, not enough work available or were stood down'. Group 1 and Group 2 have had a basic seasonal adjustment applied. The 'seasonally adjusted' estimates for Group 1 and Group 2 are (separately) calculated by taking the original estimate for the current month and subtracting the original estimate for the same month of the previous year. As a result, estimates for February for Group 2 are lower than the unemployment rate and lower than for Group 1.

Group 2 is one of the groups included in the composite measure that Commonwealth Treasury has produced, termed the 'effective unemployment rate'. Information on how to calculate the measure can be found in the [July issue \(https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6202.0Main%20Features10Jul%202020?opendocument&tabname=Summary&prodno=6202.0&issue=Jul%202020&num=&view=\)](https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6202.0Main%20Features10Jul%202020?opendocument&tabname=Summary&prodno=6202.0&issue=Jul%202020&num=&view=) of this release.

The US Bureau of Labor Statistics noted that some people on temporary layoff were not classified as such and the unemployment rate could have been up to 0.7 pts higher in August (1 pt higher in July, almost 1 pt higher in June, 3 pts higher in May, and 5 pts higher in April).

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